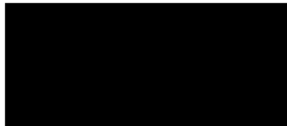


**To:** Adam Rogas [REDACTED]  
**Cc:** Jonathan [REDACTED] Dave [REDACTED]  
**From:** Will [REDACTED]  
**Sent:** 2020-03-11T15:47:16-04:00  
**Importance:** Normal  
**Subject:** Re: Introduction NS8 and [REDACTED]  
**Received:** 2020-03-11T15:47:16-04:00  
[Vegas agenda - 03.10.20 - WB Comments.docx](#)

Hi Gentleman – attached for your reference are Jonathan and I’s internal notes (not meant for distribution – yet). We have pretty much everything covered and prepared to speak about if needed on all our items.

Except for sections 1. E & F

This is just our internal notes for now...



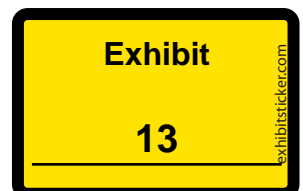
NS8.COM

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**From:** [REDACTED]  
**Date:** Tuesday, March 10, 2020 at 4:56 PM  
**To:** Rick [REDACTED], Will [REDACTED], Adam Rogas [REDACTED], Dave [REDACTED]  
**Cc:** [REDACTED]  
**Subject:** RE: Introduction NS8 and [REDACTED]

=== External Email ===

Thanks for coordinating Rick. Attached is the agenda we’d like to go over on the call tomorrow as well as a couple supporting files.



Regards,

[REDACTED]

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**From:** Rick [REDACTED]  
**Sent:** Tuesday, March 10, 2020 12:56 PM  
**To:** [REDACTED]; Will [REDACTED]; Adam Rogas  
[REDACTED]; Dave [REDACTED]  
**Cc:** [REDACTED]  
**Subject:** Re: Introduction NS8 and [REDACTED]

No problem. Will send out this evening.

[REDACTED]



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**From:** [REDACTED]  
**Sent:** Tuesday, March 10, 2020 3:08:27 PM  
**To:** Rick [REDACTED]; Will [REDACTED]; Adam Rogas  
[REDACTED]; Dave [REDACTED]  
**Cc:** [REDACTED]  
**Subject:** RE: Introduction NS8 and [REDACTED]

=== External Email ===

That works. For the 1pm call, would you mind sending out a Zoom invite? We use Skype and it's hit or miss, and a lot more miss recently when using it externally.

Regards,

[REDACTED]

[REDACTED]

**From:** Rick [REDACTED]  
**Sent:** Tuesday, March 10, 2020 11:46 AM  
**To:** [REDACTED]; Will [REDACTED]; Adam Rogas  
[REDACTED]; Dave [REDACTED]  
**Cc:** [REDACTED]  
**Subject:** Re: Introduction NS8 and [REDACTED]

[REDACTED]  
Let's schedule the call for 1:00 to 2:00 PST tomorrow.  
Let's schedule [REDACTED] at 3:30 PST in the office tomorrow afternoon.  
Best,  
Rick

[REDACTED]



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**From:** [REDACTED]  
**Date:** Tuesday, March 10, 2020 at 2:13 PM  
**To:** Will [REDACTED]; Adam Rogas [REDACTED]; Rick [REDACTED]  
[REDACTED]; Dave [REDACTED]  
**Cc:** [REDACTED]  
**Subject:** RE: Introduction NS8 and [REDACTED]

=== External Email ===

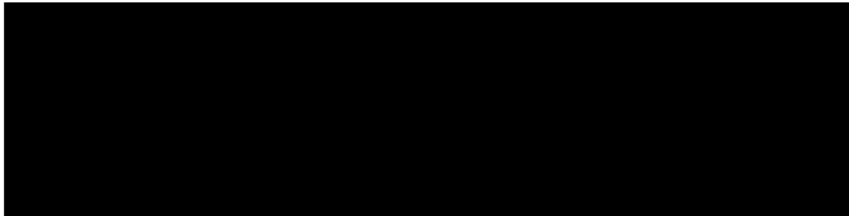
NS8 team,

Thank you again for providing the materials last night. We're continuing to work through them and will send over a short agenda this evening with questions we would like to cover off with you tomorrow. Would you have availability tomorrow to speak for an hour to go through the agenda? There will be some follow-up items requiring further analysis by your team and we realize you'll need time to perform that analysis and respond back to us after we speak. Also, please keep us updated in scheduling of platform and customer calls and what information you need from us.

Finally, my colleague [REDACTED] is based in Las Vegas and will assist with the in-person

confirmatory procedures our client has requested of us, which includes seeing bank balances and statements in-person for each bank account. Would there be a 30 minute window before 12:30pm or after 3pm tomorrow where [REDACTED] can come to your office and perform the procedures?

Regards,

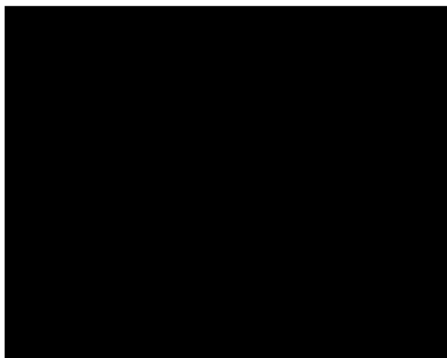


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**From:** Will [REDACTED]  
**Sent:** Monday, March 9, 2020 4:53 PM  
**To:** [REDACTED]  
**Cc:** Adam Rogas [REDACTED]; [REDACTED] Rick [REDACTED]  
[REDACTED] Dave [REDACTED]  
**Subject:** Re: Introduction NS8 and [REDACTED]

Hi [REDACTED]  
We added the P&L and Balance sheet by month to the 1-Trial Balance folder in drop box as requested.  
Let us know if you need anything else.

Thank you,  
Will



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On Mar 9, 2020, at 4:40 PM, [REDACTED] wrote:

=== External Email ===

Hi Adam,

Thanks for providing the data. Just taking a quick look at the trial balances, they seem to be cumulative balances for their respective years. Can you provide a monthly P&L and Balance Sheet? We will need to know the balances for individual months to perform the reconciliations.

Thanks,

[REDACTED]

**From:** Adam Rogas [REDACTED]  
**Sent:** Monday, March 9, 2020 3:49 PM  
**To:** [REDACTED]  
**Cc:** Will [REDACTED]; Rick [REDACTED]; Dave [REDACTED]  
**Subject:** Re: Introduction NS8 and [REDACTED]

Hi Gentleman,

<https://www.dropbox.com/> [REDACTED]

1. Trial balances for December 2018 through February 2020:

- Files included are TB's for Dec-18; Full Year 2019; and Jan-Feb 2020.
- Note that prior information provided through Sep-19 has changed so we have also provided a Summary schedule of those changes for reference.

2. Bank statements for October 2019 through February 2020 (for all bank accounts)

3. Bank reconciliations for October 2019 through February 2020 (for all bank accounts)

4. Feb-2020 MRR listing by end customer

Please let me know if you have any questions or require any additional information. I or my team is available any time for discussion.

Other Items to follow and we are working to arrange platform calls but unsure if those should be targeted towards the board members or to [REDACTED] please let us know on that.

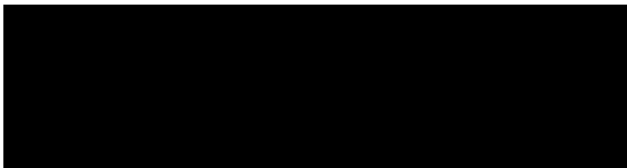
On the customer calls, [REDACTED] informed us this morning they would be using an outside service for that process and we are producing an entity list which will follow shortly.

Thank you,

Adam

Adam Rogas

Chief Executive Officer



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**From:** [REDACTED]  
**Date:** Friday, March 6, 2020 at 2:55 PM  
**To:** Rick [REDACTED], Adam Rogas [REDACTED], [REDACTED] Will [REDACTED]  
**Cc:** [REDACTED]  
**Subject:** RE: Introduction NS8 and [REDACTED]

=== External Email ===

Rick, Adam and Will,

Thanks for your time earlier this week. We wanted to check back in on status of the below requests and get your updated thoughts on timing of delivery. Thank you.

**Initial request list:**

1. Trial balances for December 2018 through February 2020 (prior periods is to confirm no changes in past information provided)
2. Bank statements for October 2019 through February 2020 (for all bank accounts)
3. Bank reconciliations for October 2019 through February 2020 (for all bank accounts)
  - If not started, it would be very helpful to have all bank statements reconciled as of December 2019 and also January 2020. Last round we realize the Netherlands and SVB accounts were not reconciled.
4. January 2020 MRR listing by end customer.
5. Contact information for platform partners at Shopify, Magento, PrestaShop and WooCommerce and assistance scheduling calls to discuss ongoing relationship.
6. Contact information for the top 20 January 2020 MRR customers and assistance scheduling calls to discuss ongoing relationship.
7. Ability to come onsite to review online bank account balances and statements.

Regards,

[REDACTED]

**From:** Rick [REDACTED]

**Sent:** Wednesday, March 4, 2020 11:12 AM

**To:** [REDACTED] Adam

Rogas [REDACTED]

Will [REDACTED]

**Cc:** [REDACTED]

**Subject:** Re: Introduction NS8 and [REDACTED]

[REDACTED]

Are you available today at 1-2 PST for a quick kick-off call? If so, I will send out a Zoom.

Best,

Rick

[REDACTED]

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**From:** Rick [REDACTED]

**Date:** Wednesday, March 4, 2020 at 1:13 PM

**To:** [REDACTED]

Adam Rogas [REDACTED]

Will [REDACTED]

**Cc:** [REDACTED]

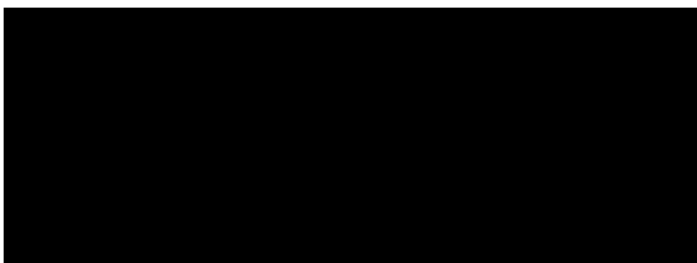
**Subject:** Re: Introduction NS8 and [REDACTED]

Thanks [REDACTED]

[REDACTED]

We are pleased to meet you. I am also copying Will [REDACTED] who will be doing the heavy lifting.  
I will coordinate with Will and Adam and suggest a time for a kick off call as quickly as possible.

Best,  
Rick



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**From:** [REDACTED]  
**Sent:** Wednesday, March 4, 2020 1:05:35 PM  
**To:** Rick [REDACTED]; [REDACTED]  
Adam Rogas [REDACTED]  
**Cc:** [REDACTED]  
**Subject:** Introduction NS8 and [REDACTED]

=== External Email ===

Rick and Adam,

I'd like to re-introduce you to [REDACTED] from our funding late last year. The investors spoke with [REDACTED] (cc'd here) and we think with the right amount of availability and focus on both sides we can accomplish the work we want to accomplish by next Friday.

As such, we'd like to kick off immediately (ie. today), so maybe [REDACTED] and NS8 can find a mutually convenient time to speak and send the investors an invite to join. However do not make us (investors) a gating factor in your timing of the call since a lot of it is a refresh of last work done.

As a side note, [REDACTED] is going to provide an updated statement of work to the investors based on the call, but we should not delay the call because of it.

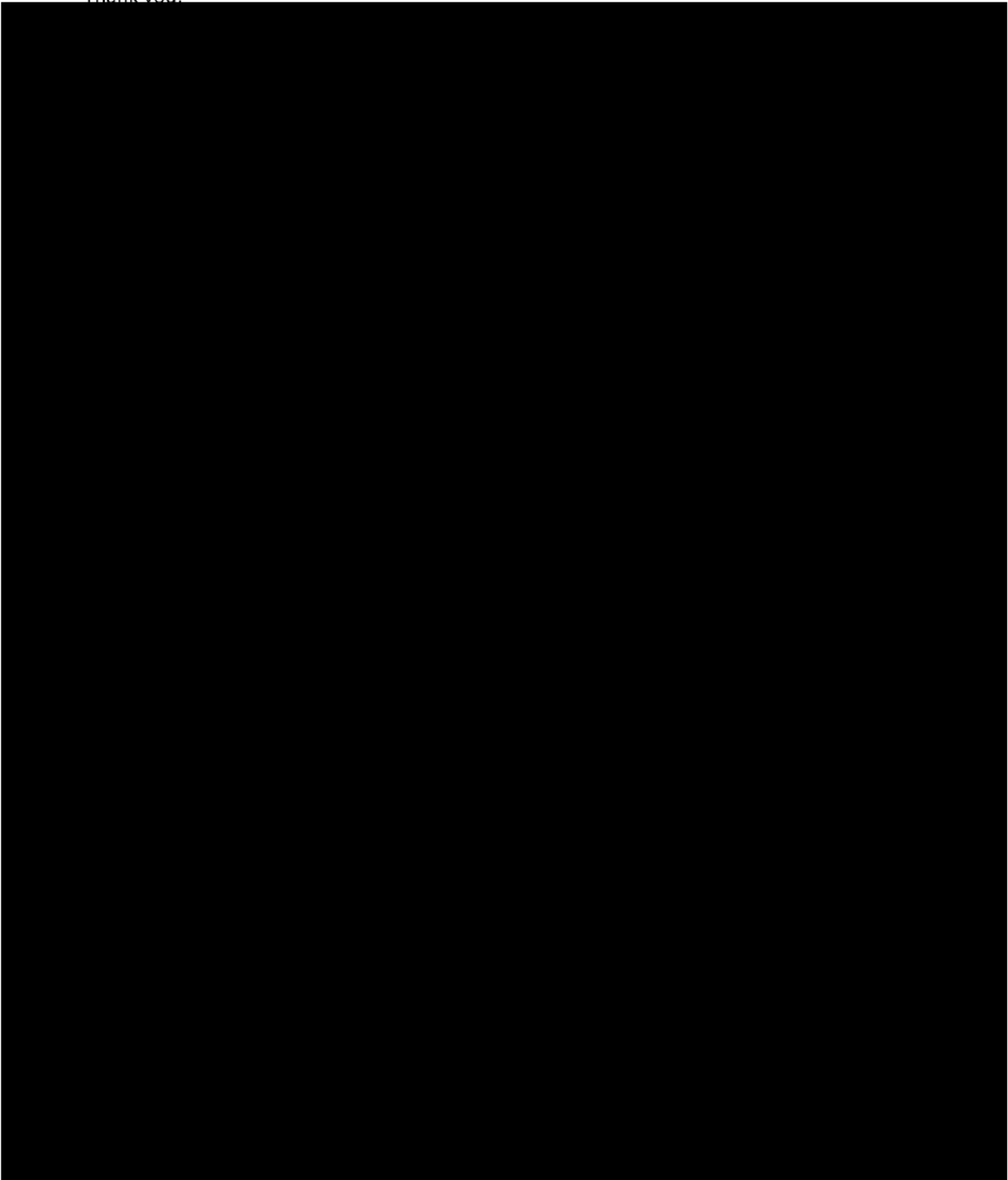
[REDACTED]

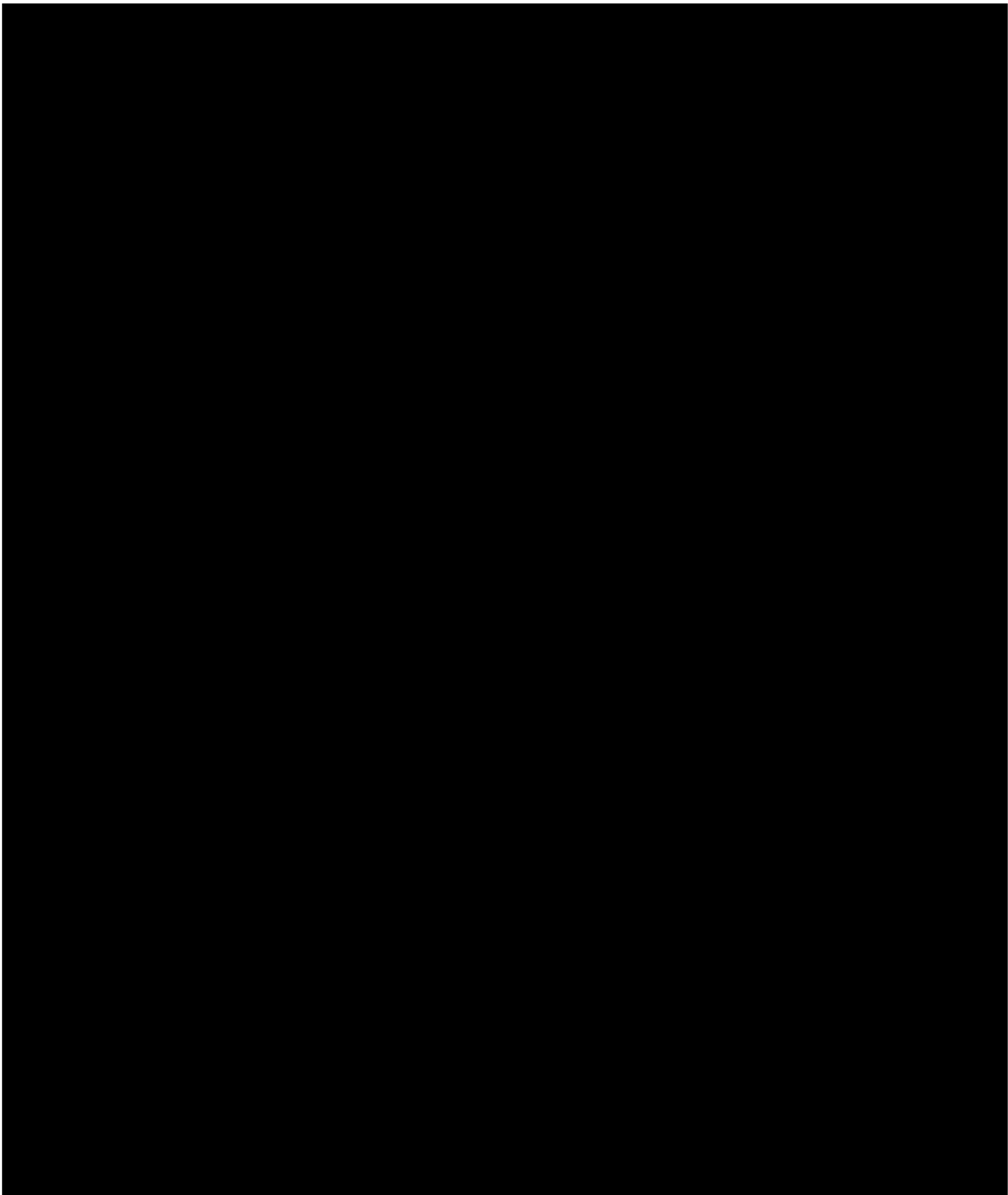


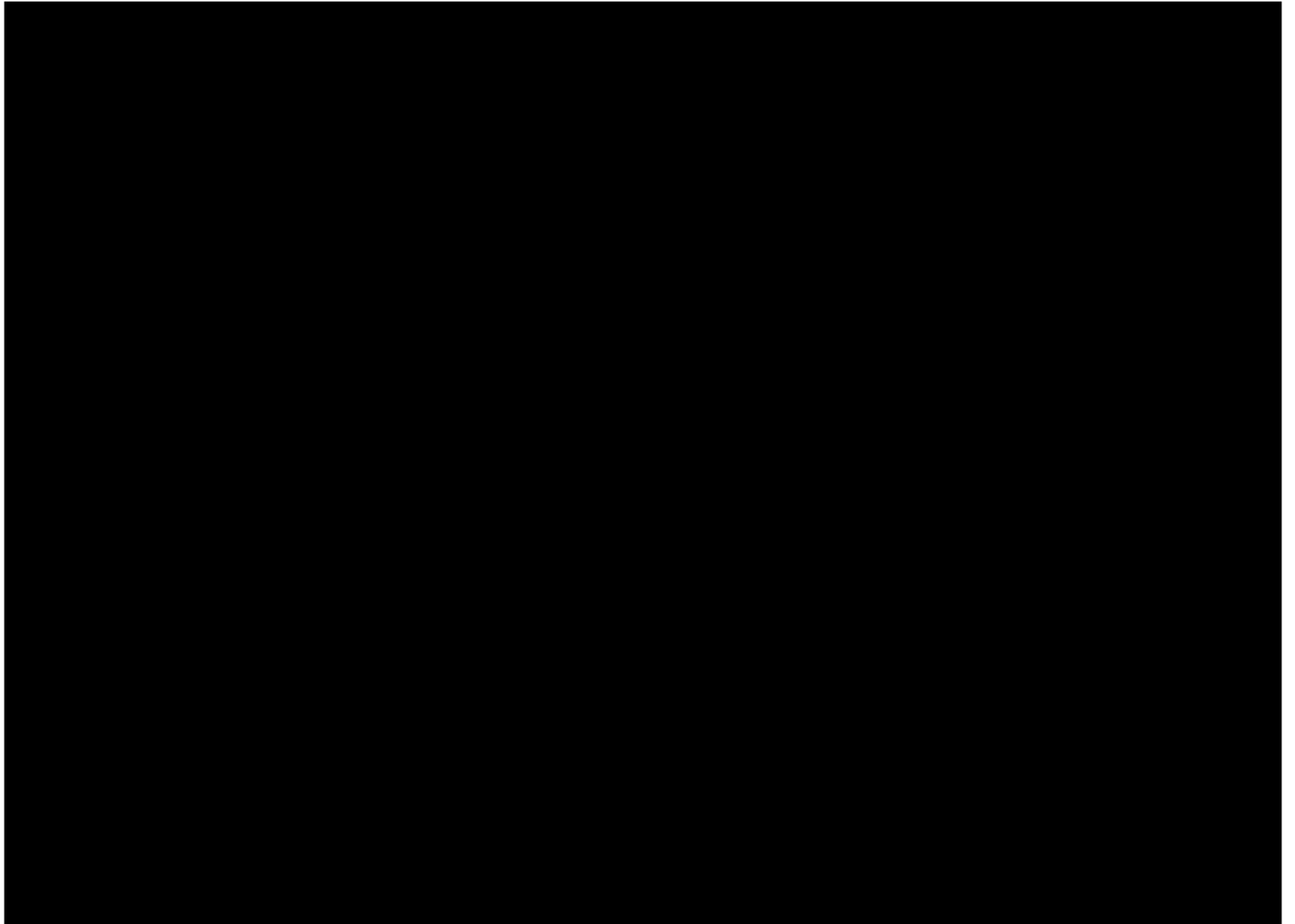
You know Adam (CEO of NS8) and Rick [REDACTED]. Rick is quarterbacking this and I believe this is his top priority at the moment. Please feel free to coordinate directly with them.

I appreciate everyone's hard work here.

Thank you.







**Vegas – Q&A Agenda**

10 March 2020

**1. Accounting organization and cash reconciliation process**

- a. Discuss changes in accounting practices, the accounting organization and accounting systems (Quickbooks to NetSuite) since October 2019.
  - i. Will/Jonathan recently onboarded to build out the internal accounting/finance department. Systems have been built now that we have bandwidth and starting from the ground up building the more advanced process & procedures, we are implementing new month close procedures, kicking off the NetSuite implementation and converting to make sure AP and Bill.com is working/synching properly. Implementing and maximizing other Apps too: Bill.com/Expensify/Lola.
- b. Confirm the Netherlands operations are pre-funded quarterly and discuss accounting entries recorded to capture Netherlands-based activity.
  - i. We are wrapping up 2019 now with our Dutch bookkeeping service, but all quarterly payments have been made (cost + 5%).
  - ii. The goal is to book a consolidating entry on a monthly basis for the Cost + activity for the Netherlands BV entity. That being said, we just met with the 4U group and now have a better line of communication. We are wrapping up 2019 now and will book the consolidating entry for 12/31/2019, however, quarterly cash sent to the NS8 BV entity is in the P&L, so the entry should not materially affect the financials post consolidation. Transfer pricing report created by [REDACTED] a local highly skilled firm led by a 25+ international tax partner, highly regarded by [REDACTED].
- c. Confirm Singapore operations are funded monthly via monthly payments to the PEO and comment which trial balance account captures this expense.
  - i. Confirmed – Shield Geo payments. Now in Bill.com just a few employees. But the Singapore operation is not a separate legal entity. Outside Services: Professional Services – double check here. Some are in Travel. Minor reclassifications here. Started in August 2019.
- d. Discuss the process to reconcile cash accounts to the trial balance and if this was only performed for this investment process or if this is an ongoing procedure.
  - i. Part of our month end close process. We are more sophisticated with it now. This process accelerated our timeline to perform another reconciliation/clean-up back to Dec-18.
  - ii. Discuss the reconciling differences between the Netherlands bank account and trial balance. When will this account be reconciled?
    1. See comment above regarding the BV entity and the consolidation timeline for 2019. Not a bank account, but will be re-classed as an Investment – Consolidation entry. This will be cleaned up and fixed in the Netsuite implementation.
  - iii. Discuss why the January 2020 SVB account does not reconcile to the trial balance.
    1. This was an error. I reconciled the January 2020 account and during the February 2020 reconciliation, I added the [REDACTED]

payment to 1/31/2020 by accident. This has been fixed. See screenshot of original entry below. I can send a new TB/Financials if you need them.

**Expense**

Amount: **\$252,885.00**

Date: 01/29/2020 Type: 0000 Amount: 252,885.00 Project: 00000000000000000000 Mode: 00000000000000000000

Category details

Category: 00000000000000000000 Description: 00000000000000000000

Item details

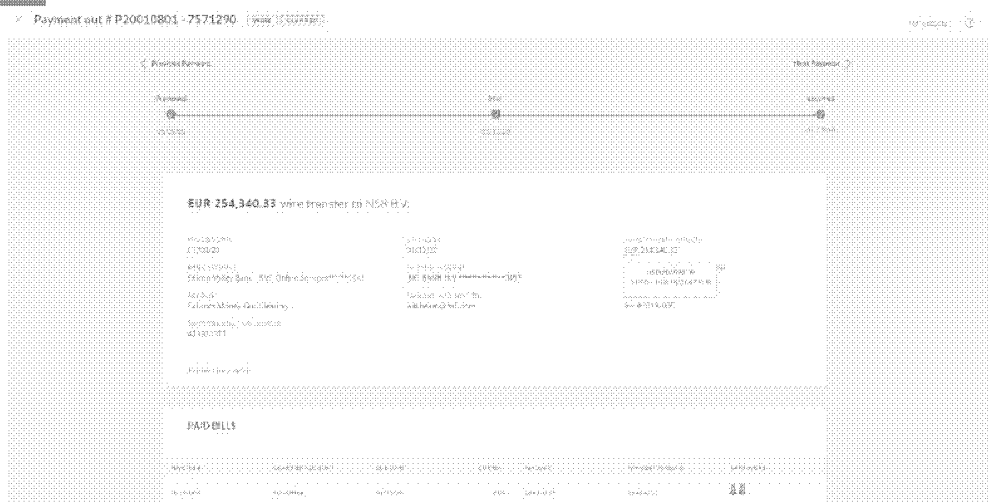
Item: 00000000000000000000

Amount: 252,885.00

Currency: \$ 0.00	Jan19	Feb19	Mar19	Apr19	May19	Jun19	Jul19	Aug19	Sep19	Oct19	Nov19	Dec19	Jan20	Feb20
<b>Balance per GL</b>														
Dutch by coh	572	572	572	572	572	572	572	572	572	572	572	572	572	572
Svb (checking)	222	75	293	2,711	1,061	228	241	266	11,767	10,270	41,447	37,310	34,087	30,846
<b>Balance per statement</b>														
Dutch by coh	117	239	201	96	108	42	61	30	188	48	147	76	284	210
Svb (checking)	222	75	293	2,711	1,061	228	241	266	11,767	10,270	41,447	37,310	34,340	30,846
<b>Variance</b>														
Dutch by coh	455	333	370	475	463	530	510	542	383	524	425	496	287	361
Svb (checking)					(0)								(253)	

- e. Discuss the customer invoicing and cash collection process and timing by platform. In addition, by platform discuss the below to confirm our understanding:
  - i. Who is responsible for calculating volumes and amounts to invoice and is there a reconciliation performed between NS8, the platforms and/or partners?
  - ii. Who initiates and send invoices to customers?
  - iii. Are there instances where platforms or partners directly invoice customers?
  - iv. Who receives the funds directly from the customer and how are payments to NS8, platforms and partners settled?
  - v. At what point in the setup process is customer payment information received?
  - vi. What customer information is captured and maintained by NS8 versus the platforms or partners?
  - vii. How is customer cash collection validated and reconciled by NS8? Is there a way for us to see individual customer payments coming in versus the batches in the bank statements?
  - viii. Has a customer, platform or partner ever disputed customer count, monthly volumes or invoiced amounts? If so, what was the resolution and are there any disputes ongoing?
  - ix. What are the Shopify and Stripe payout schedules, including set dates versus manual pulls.
- f. Discuss the drivers of the higher new customer MRR in recent periods versus historical run-rates.

- i. What drives the higher average MRR per new customer in the months of Nov19 and Dec19, which appears to be seasonably high each year. Also, why do amounts remain at a higher MRR versus decrease from seasonality.
- g. Revenue cash proof (see "Vegas Aug BoA Deposits" file)
  - i. Why do the Aug19 BoA bank statement deposits not subtotal within the bank statement? The individual line items add up to \$2.3M in deposits while the total deposits presented is \$3.3M.
    - 1. We downloaded a new statement and it matches now.
- h. Expense cash proof (see "Vegas Expense Cash Proof" file)
  - i. What do the two unidentified transfers (Feb19 and Apr19 screenshots) relate to? Are these interbank transfers or external payments?
    - 1. Net Applications is a subcontractor – we started paying through Bill.com in May 2019 and was wired straight out of SVB before the conversion to Bill.com. Booked to the Subcontractor Expense account.
    - 2. Reed International is a Trade Show at the Sydney Convention Center and this is for Booth Construction costs as well. This was booked to Tradeshow.
  - ii. Do the two screenshots flagged as "ING reimbursement transfer" relate to each other? For the other ING reimbursements, we were able to locate the corresponding transfer from the SVB bank statement, but we were unable to do so for the 1/13/20 transfer of 254K EUR. If these aren't related, can you help us locate the related outgoing transfer?
    - 1. Yes



- 2.
- iii. Can you help us reconcile the differences shown in our cash expense proof? Are there any non-cash expenses we should be considering or any cash outflows that don't relate to an expense?
  - 1. Will dive into this one.
- iv. If not already covered, how should we think about the Netherlands cash flows?
  - 1. All expenses out of the Netherlands right now. We pay cost + 5% on a quarterly basis

- v. Why does the promotional expenses (GL – Trade shows – exhibiting) have a credit balance for Jan19? What does this relate to?

1. I believe this was a prior year accrual reversal (on 1/1/19) for expenses brought into 2018 that were not paid until 2019. This was just a reversing entry that I believe should have offset Platform Payments. However, since it encompasses several payments in 2019, the balance there will go negative as well. Let me know if you would prefer a reclass.

## 2. Open information requests

- a. Onsite review of bank balances [REDACTED] to be onsite at 3:30pm)
- b. Setup of platform calls
- c. Setup of customer calls